



**SUPPLEMENTAL AGENDA
PURCELLVILLE TOWN COUNCIL REGULAR MEETING
APRIL 11, 2017, 7:00 PM
TOWN HALL COUNCIL CHAMBERS**

- 1) Staff Report for **DISCUSSION ITEM 12a. Consolidation of Tax Billing and Collections with Loudoun County Treasurer's Office – Additional Information** (L. Krens/D. Davis) (pgs. 3-15)
- 2) Revised Staff Report for **ACTION ITEM 13a. Adoption of 2017 Tax Rate Ordinance*** (L. Krens/C. LeMarr) (pgs. 17-30) (Motion pg. 23)

*Roll Call Votes

IF YOU REQUIRE ANY TYPE OF REASONABLE ACCOMMODATION AS A RESULT OF PHYSICAL, SENSORY OR MENTAL DISABILITY IN ORDER TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT DIANA HAYS, TOWN CLERK, AT 540-338-7421. THREE DAYS NOTICE IS REQUESTED.

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STAFF REPORT
DISCUSSION ITEM

Item # 12.a

SUBJECT: Consolidation of Tax Billing and Collections with Loudoun
County Treasurer's Office – Additional Information

DATE OF MEETING: April 11, 2017

STAFF CONTACTS: Elizabeth Krens, Treasurer and Director of Finance
Daniel C. Davis, Assistant Town Manager

BACKGROUND:

At the March 28, 2017 Town Council Meeting, staff presented a discussion item for the opportunity to consolidate tax billing and collections with the County Government. This was a result of the seven Towns approaching the County Government with this idea, since the County already bills and collects County taxes. The Town Council asked for additional information, which is presented herein.

POTENTIAL SAVINGS OF STAFF TIME

In the prior discussion item (see Attachment 3), staff identified potential savings of staff time if the County were to handle all billing and collections. As a general estimate, staff believes the real estate and personal property tax billing and collections process requires about 47% of the Town's Tax Technician's time. This is concentrated around billing cycles, such as May, June, September (audit), and December. Throughout the year, the Tax Technician is also handling late payments, DMV stops, delinquencies, and ongoing requests for reports. In addition, the Assistant Director of Finance spends approximately 25% of her time on real property and personal property billing and collections activities. This is in support of the Tax Technician, importing and verifying data, and handling unique circumstances and other customer service activities.

It is estimated that the value of the time savings is approximately \$69,600 in calendar year 2019. As stated previously, the value of this time would be used in other activities, such as developing an analysis of the Town's tax base; providing more comprehensive reports to Council; compliance activities for business license, meals, and transient occupancy tax; and maintaining the Town's financial transparency activities.

It is also noted that estimates of time are based on current activities required using the Capital Tax system, which is extremely time consuming (especially for posting payments to customer accounts). The Town expects that with the pending implementation of MUNIS for tax revenue, staff's time on tax billing and collections will be reduced. Although it is unknown what exact efficiencies will be realized, staff has projected that the Tax Technician's time on tax billing and collections will be reduced to approximately 33%, and the Assistant Director's time will be reduced to 20%.

MATRIX OF BENEFITS AND CHALLENGES:

In response to Council's request, staff has developed a matrix of the benefits and challenges in consolidating tax billing and collections with the County. Please see Attachment 1 for this matrix.

BUDGET IMPACT:

Please see Attachment 2 for a matrix of the anticipate costs and anticipated savings of making this change. The cost estimates indicate that the Town may realize annual savings of \$27,000-\$36,000 through this change. These estimates are based on assumptions of staff time dedicated to tax billing and collections (including time savings with MUNIS implementation) and re-directing those resources to other important activities, as described above. This matrix also assumes increase in property values and operational costs over this period of time.

NEXT STEPS:

Staff awaits further input from Council and consideration of whether to move forward with this idea. Council may request additional information or choose to give direction at this meeting.

Should Council wish for Town Staff to proceed with this opportunity, there will be future decision points where the Council can choose stop this effort. In other words, moving forward right now does not lock in Council to approve the final consolidation effort.

ATTACHMENT:

1. Matrix of Benefits and Challenges
2. Matrix of Costs and Savings
3. Staff Report from March 28, 2017

Considerations for Consolidating Tax Billing and Collections with County Treasurer's Office

<u>Topic:</u>	<u>Benefits to Town:</u>	<u>Potential Challenges:</u>	<u>Notes:</u>
Data Control and Management	Less time for Town Staff to spend on importing County data, reconciling differences, and managing updates. Time savings to re-direct to other Council priorities, auditing of other tax accounts, and compliance activities. Long-term savings in interacting with County exports and data	Town loses opportunity to review discrepancies and unusual situations that we know of due to our size and experience with property owners	
Payment Location	All payments made to County; less time required for Town staff to process payments, manage delinquencies, and handle underpayments, returned checks, etc. Town residents who pay in person only have to make one stop - at the County - for payment.	Town residents will be paying Town taxes via the County, which could cause concern or confusion. Some taxpayers like paying in person and interacting with their local government.	The Town can make the County's website available on a public computer for anyone wishing to pay online who comes to Town Hall.
Customer Service	One-stop for handling billing issues at the County	Loss of direct customer service, a hallmark of the Town of Purcellville Government. Town will not have access to customer accounts/bills or ability to help resolve issues. Can be long lines at County building on tax due dates.	
Payment Dates	Removes any confusion of due dates between County and Town taxes - all will be due on same dates. This could relieve the burden of vehicle tax due at the same time as real property tax.	Personal Property (Vehicle) due dates will have to change from once-per-year (due in June) to twice-per-year (due in May and October).	
Payment Policies	Move to proration may or may not result in additional value to Town. Sometimes can be hard to track payments of those who leave Town prior to paying their personal property bill in June, so it takes time to track down taxpayer. In this case, proration may result in additional revenue to the Town.	Town will have to follow all of County's policies, including proration, exemptions, and penalty rates, which are all subject to change	The Town does not prorate - so any vehicle sited in the Town after Jan 1st is not taxed in that year. Similarly, vehicles sited as of Jan 1st are taxed for the full year, even if the property is moved out of Town before tax bill is due.
Hard Costs (Mailing, Postage, etc)	All hard costs are already borne by the County; this simply adds an additional line on their tax bills.	No issues.	Savings to the Town of approx. \$9,000-\$13,000.

Considerations for Consolidating Tax Billing and Collections with County Treasurer's Office

Topic:

Benefits to Town:

Potential Challenges:

Notes:

Online Portal	Currently, the Town is planning a Citizen Portal with last phase of MUNIS. If we consolidate with the County, taxpayers can use the County's online portal for all real estate and personal property tax bills (Town and County)	Directing residents to the County site to pay Town taxes	No direct change in MUNIS, as other modules (Utility Billing) would still need Customer Self-Service Portal.
Interaction with Assessment Function	The Town does not make any assessment changes, so staff already directs questions and issues to the County.	No issues identified	
MUNIS Software	Avoid future programming changes if County revises the way assessment data is exported	Town loses long-term value of MUNIS tax revenue module; however, it will be needed through 2024 to receive collections on delinquent accounts.	Annual Maintenance for Tax Revenue module is \$2,750 for 2017; may increase to \$3,500 by the time it is no longer needed if consolidation occurs
Collections	Collection efforts take time and will be handled by County and not Town staff.	Town has very high collection rate through a variety of mechanisms. County also has good collection rate, but it may focus energy on larger taxpayers and not the Town's taxpayers, resulting in lost revenue to the Town.	

ATTACHMENT 2

	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
POTENTIAL COSTS							
Value of Property Taxes (2019 is Real Estate only; future years add in Personal/Bus. Property and 3% increase in assessments per year)	\$ 2,839,705	\$3,549,484	\$3,655,969	\$3,765,648	\$3,878,617	\$3,994,976	\$4,114,825
1% Retainage to Treasurer	\$ 28,397.05	\$35,494.84	\$36,559.69	\$37,656.48	\$38,786.17	\$39,949.76	\$41,148.25
Investment in Software (one-time)	\$ 15,000.00						
	\$ 43,397.05	\$35,494.84	\$36,559.69	\$37,656.48	\$38,786.17	\$39,949.76	\$41,148.25
POTENTIAL SAVINGS							
Staff Time (includes efficiencies gained through MUNIS starting in CY 2020)	\$ 69,601.09	\$53,548.01	\$55,154.45	\$56,809.08	\$58,513.36	\$60,268.76	\$62,076.82
MUNIS Savings (module needed through 2024 for delinquent accounts)							\$ 3,500.00
Mailings/Postage (5% growth factor)	\$ 9,000.00	\$ 9,450.00	\$ 9,922.50	\$10,418.63	\$10,939.56	\$11,486.53	\$12,060.86
	\$ 78,601.09	\$62,998.01	\$65,076.95	\$67,227.71	\$69,452.91	\$71,755.29	\$77,637.68
Potential Savings/Value of Consolidation	\$ 35,204.04	\$27,503.17	\$28,517.27	\$29,571.23	\$30,666.74	\$31,805.54	\$36,489.43



STAFF REPORT
DISCUSSION ITEM

Item # 11.g

SUBJECT: Consolidation of Tax Billing and Collections with Loudoun
County Treasurer's Office

DATE OF MEETING: March 28, 2017

STAFF CONTACTS: Elizabeth Krens, Treasurer and Director of Finance
Daniel C. Davis, Assistant Town Manager

BACKGROUND:

In 2016, the Town of Leesburg approached the other Towns in Loudoun County about the possibility of seeking a partnership with the Loudoun County Treasurer's Office to consolidate the billing and collection of certain taxes: real estate, personal property, vehicle license fees/decals, and business tangible personal property. Over the past six months, the Towns have met to discuss the opportunity, and then the Town of Leesburg and Town of Purcellville met with the Loudoun County Treasurer and Commissioner of the Revenue to discuss this opportunity.

CURRENT PROCESS AND INTEGRATION

Currently, the Commissioner of the Revenue conducts all assessments for property in Loudoun County, including real property and personal property (both personal and business). These assessments are solely controlled by the County; any disagreement or discrepancy on assessments for properties located in a Town are resolved by the County Commissioner of the Revenue.

Once assessments are made (as of January 1 of any given year), the assessed values are passed on to the respective jurisdictions for tax billing and collections. As it stands, the County Treasurer bills and collects County taxes, and the Town treasurers bill and collect for their individual Towns.

The timing of tax due dates is up to each respective jurisdiction. For Purcellville taxpayers, the schedule is below:

Real Property		Personal Property	
<u>County</u>	<u>Town</u>	<u>County</u>	<u>Town</u>
June 5, Dec 5	June 5, Dec 5	Personal: May 5, Oct 5 Business: June 5, Oct 5	June 5

Once the Town of Purcellville receives assessment information from the Commissioner of the Revenue, the Town must import that information and create tax bills using one of our various software systems. The cost for preparing and mailing these bills is in addition to the County's cost for preparing and mailing bills to the same taxpayers around the same time.

OPTIONS AND OPPORTUNITIES:

An opportunity exists for the Towns to enter into an agreement with the County Treasurer who will become responsible for billing and collecting Town taxes on behalf of the Town. This would recognize a number of efficiencies and cost savings:

- The County is already preparing, mailing, and collecting tax bills. This would allow the County to add Town taxes to bills already being prepared.
 - o SAVINGS: Reduction in cost to Town for mailing bills
- Taxpayers must already pay the County taxes. Adding Town taxes onto the County tax bill will provide a more streamlined approach for taxpayers, eliminating an additional payment for taxpayers.
 - o SAVINGS: Time and duplication of payment process for citizens.
- The Commissioner of the Revenue is already creating reports for internal sharing of information with the County Treasurer's Office. Currently, the Commissioner of the Revenue has been working to provide data to the Towns that can be used in our existing software systems. This provides an additional burden on the Commissioner of the Revenue to export customized data in numerous ways to support all of its customers.
 - o SAVINGS: Fewer integrations will likely result in fewer data issues between the County and Towns and will expedite the preparation of tax bills.
- If a taxpayer has an issue with an assessment, they must go to the County to resolve this issue. The Town does not manage or resolve assessment disputes. Having the County to bill and collect Town taxes will allow residents to handle assessment and billing issues in one location (the County offices) instead of having to resolve an assessment issue and then come back to the Town Offices for billing changes.
 - o SAVINGS: One location for resolution of assessment and billing issues.

- The Town will recognize staff time and operational savings if this change were to occur. However, the staff that manage the billing and collections of real and personal property taxes are also responsible for additional duties, such as meals taxes, business licenses, and regular reporting of financial data.
 - o SAVINGS: The Town does not believe that any direct staff savings will occur. However, this would allow staff to dedicate time to other priorities and research projects that Council has asked for in the past, such as developing an analysis of the Town's tax base; providing more comprehensive reports to Council; compliance activities for business license, meals, and transient occupancy tax; and maintaining the Town's financial transparency activities.

POTENTIAL WEAKNESSES OR THREATS

- The key challenge with this opportunity is that the Town would not be providing direct customer service for the billing and collections of two of its primary revenue sources. The Town has full faith in the customer service and support offered by the County Treasurer. However, the Town would have no direct involvement in resolving billing issues. There is no plan at this time for the Treasurer to open a "Western Loudoun" office, so any in-person interactions would have to occur in Leesburg or Sterling.
- The Town has been incredibly successful in its collection activities, consistently achieving 99-100% collections. The County is also quite successful in its collections, although with a much larger and broader tax base, it is uncertain whether small, unpaid bills will receive as much attention from the County as the large taxpayers in Eastern Loudoun.
- The Town will have to adjust its bill due dates to match the due dates of the County's tax bills. While not difficult logistically, this would represent a change for taxpayers and may be met with confusion or frustration.
- The Town will need to follow County billing and collection process without involvement. Some areas of likely impacts are:
 - o Transition to proration
 - o Transition to County decal (elimination of town decals, although the Town would still receive the vehicle license fee)
 - o Penalty rates
 - o Accept County designated exemptions (which are more generous than the Town's exemptions at this time)
 - o The County Treasurer will determine collection practices
- The Town is investing in the Tyler MUNIS financial software system. The tax billing module is the first to be implemented due to concerns about the stability of the

Town's current tax system. This module is anticipated to go-live in April 2017 (see Item 11.h for this Council Meeting for an update). This capability in MUNIS is still necessary because any transition to the County would not occur for at least two or three tax years. However, if the Town were to transition this responsibility to the County, this portion of the revenue module would not be used. The approximate cost for this module is \$50,000, inclusive of license fee, implementation costs, and maintenance/support costs.

- The Town will need to continue collection activities associated with any delinquent taxes billed by prior to the proposed transition to County billing. As the target date for real estate taxes is January 2019, town staff will be responsible for collection of any delinquent taxes for tax years 2018 and prior (20 year statute of limitation). The target date for personal property taxes is January 2020, so town staff will be responsible for collection of delinquent taxes for tax years 2014 through 2019 (5 year statute of limitation). Therefore, the Town will need to manage collection activities and maintain the Munis tax system through December 31, 2024.

BUDGET IMPACT:

To provide this service on behalf of the Town, the County Treasurer is proposing that his office retain a 1% fee. For FY 2018, the Town is anticipating revenue of \$3,345,729 among the revenue sources of: real property, personal property, town vehicle license fees, and penalties and interest. Thus, the "lost" revenue to proceed would be approximately \$33,457 annually.

In addition, the County Treasurer anticipates approximately \$200,000 in up-front software system changes to accommodate this effort. He has proposed splitting these costs: the County will pay 50% and the participating Towns will proportionally share the remaining cost. The anticipated up-front cost to Purcellville is around \$15,000 (this amount will increase if some towns choose not to participate).

Based on a very basic and initial analysis, staff believes the Town would save between \$9,000 and \$13,000 annually in "hard" costs, such as bill printing, mailing, decal printing, and similar activities.

Annual Cost	Annual Savings	Net Annual Cost
\$33,457	\$13,000	~ \$20,457

NEXT STEPS:

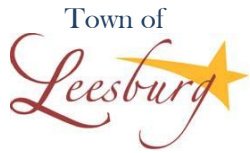
The Town of Purcellville staff believe this opportunity has merit. The other Towns' staff have indicated similar support, although Hamilton has indicated that it does not plan to participate at this time.

The Town would like to gauge Council's initial response to this proposal. No action is needed at this meeting. However, the County would like a good sense of the Towns' respective support by mid-April so that the County and participating Towns can begin working on an MOU to formalize the arrangement.

Staff would ask Council to identify any issues, questions, or concerns that staff can research and bring back to Council in April for potential action on this proposal.

ATTACHMENT:

Write-Up of Meeting with County, Leesburg, and Purcellville



Virginia

25 West Market Street ☞ Leesburg, Virginia 20176 ☞ 703-747-2720

Loudoun County and Towns Distribution List

March 2, 2017

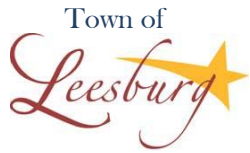
Subject: Loudoun County Consolidated Tax Billing and Collection for the Towns

Dear Participants:

Representatives of Loudoun County, Purcellville, and Leesburg met on February 16th, 2017 to discuss the costs and framework of a new business process where Loudoun County would bill and collect Real Estate and Personal Property Taxes on consolidated bills for both the County and the various Towns choosing to participate. There would be overall cost efficiencies for the taxpayers on a consolidated basis although upfront investments would have to be made by the County and the participating Towns to change systems and processes. Loudoun County officials outlined a framework that they believe would allow them to perform these functions for the Towns.

The general framework is as follows:

1. The County would provide the services at what it estimates is its overall cost to provide the services annually. The County estimates this to be 1% of the revenues collected (not billed). The actual revenues collected will be remitted net of fee via ACH to the Towns on a monthly basis after a complete reconciliation is performed. The County will provide reports on amounts billed, collected and receivable (including Town taxpayer account details) on a monthly basis to the Towns in electronic format (either MS Excel or .PDF). The County will use the fee to cover the costs of increased workloads in the reconciliation/reporting and collections of delinquencies and servicing of customer service requests. The County and Towns will establish a mutually acceptable secure method of transmitting the tax information and each Town will receive only the information needed to account for its own taxpayers and collections.
2. The County will split the cost of systems setup paid to its outside vendor estimated at an amount not to exceed \$200,000 with the County contributing \$100,000 and the Towns sharing the remaining \$100,000 setup costs pro-rated based upon population (see attached chart). The County will track and provide documentation of the vendor costs and if the implementation costs are less than the \$200,000, the County and Towns will share lower actual costs equally. The County will pay their vendors and will bill the Towns for their shares of the actual costs. Any town not electing to participate would have to pay the County its pro-rata share of the development costs should it elect to participate in the consolidated billing and collections process at a later date.



Virginia

25 West Market Street ☞ Leesburg, Virginia 20176 ☞ 703-747-2720

3. Included in the scope of the services will be County billing and collection of Real Estate Taxes, Personal Property Taxes, and Business Tangible Property Taxes, including late penalties, interest and collection fees. Penalties and interest will be prorated between the County and Towns based upon principal amounts outstanding. Partial payments of tax bills will be prorated between the County and the Town based upon the percentage of tax each composes of the original billed amount. Additional fees related to delinquency collection efforts will belong to the County. All delinquent amounts will be billed and collected by the County under its established procedures without Town involvement for amounts billed by the County beginning January 1, 2019 for real estate taxes and January 1, 2020 for personal property and business personal property taxes. All delinquency collection processes including collection actions and payment plans would solely be the responsibility of the County. Delinquent taxes billed by the Towns prior to the effective date of consolidated billing will remain the responsibility of the Towns to collect. There will be no data conversion of historical records from the Towns to the County. Meals Taxes, Business Professional and Occupational License Taxes, Transient Occupancy Taxes, Public Service Corporation Taxes (excluding real or personal property), Franchise Taxes, parking fees/tickets and general town invoices are expressly outside of the project scope.
4. The Towns will commit to setting their tax rates, Personal Property Tax Relief (PPTR) percentages, and payment due dates for each upcoming fiscal year on the same schedule as the County. The Towns' PPTR percentages must be calculated by the Towns unless the individual Town and the County agree to a method that allows the County to calculate and the Relief percentage.
5. Each Town participating in the consolidated billing process must pass enabling ordinances setting their tax billing processes (pro-ration, penalties, interest, tax exemption/relief, delinquency collections, decal/vehicle registration fees, and tax due dates) to be consistent with the processes established for the County.
6. Vehicle registration fees or vehicle decal fees will be billed and collected by the County and the proceeds remitted to the Towns less the 1% fee. Enforcement penalties would be County revenue. The County will issue decals (or not) based upon its own business processes. The County will not issue decals specific to the Towns; only a general county decal will be issued if the County elects to issue decals.
7. The County will complete timely and detailed reconciliations of the towns' accounts each month and will require its external auditors to audit a sufficient random sample of the accounts to ensure that tax billing and collections are being properly accounted for and will direct its auditors to supply the auditors of each Town with an audit letter certifying



Virginia

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their audit findings. The Towns have the right to have their respective external auditors review the County's performance on that Town's collections at the Town's expense. The County will cooperate with any such audit.

8. The County is reviewing existing legal authority and the Town of Leesburg and the County intend to jointly pursue legislative action if it is necessary to facilitate these business process improvements.
9. The County would expect to start billing consolidated Real Estate billings for the Calendar Tax year of 2019 and Personal Property and Business Tangible taxes for Calendar Tax year of 2020. The phase in of the consolidated billings is the result of capacity limitations of the County's systems vendor(s).

We will be scheduling a meeting with representatives of the towns and the County to discuss this proposal in greater detail. Please send me any comments you have about this proposed frame work and whether you think your town can live with the fees and other requirements the County is proposing. Nothing has yet been agreed to at this stage, but the expectation is that if the Towns want to participate that a Memorandum of Understanding (contract) will be drafted for the Towns to take to their Councils and the County to take to the Board of Supervisors once sufficient details have been documented and legal reviews of those documents are completed.

The lead times for systems development for the County's vendors are quite long and they need to be starting those discussions very soon (mid-April) if this is to happen on the expected schedule. Please let me know your comments and concerns and I will compile them for the County.

Sincerely,

Clark G. Case

Clark G. Case
Director of Finance and Administrative Services

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SUPPLEMENTAL STAFF REPORT
ACTION ITEM

Item #13a

SUBJECT: Adoption of 2017 Tax Rate Ordinance

DATE OF MEETING: April 11, 2017

STAFF CONTACTS: Elizabeth Krens, Director of Finance
Connie LeMarr, Assistant Director of Finance

SUMMARY and RECOMMENDATIONS:

The reason this item is being delivered in a supplemental agenda is to provide the tax relief rate on the first \$20,000 for qualified vehicles (pages 2 and 3 of 5) which was not yet calculated in the agenda packet that was distributed last week. The new number is highlighted for ease of reference.

Attachment 4 (Personal Property Tax Relief Calculation) is a new attachment while all other documents pertaining to this item remain unchanged.

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STAFF REPORT
ACTION ITEM

Item #13.a.

SUBJECT: Adoption of 2017 Tax Rate Ordinance

DATE OF MEETING: April 11, 2017

STAFF CONTACTS: Elizabeth Krens, Director of Finance
Connie LeMarr, Assistant Director of Finance

SUMMARY and RECOMMENDATIONS:

The purpose of this item is for Town Council to adopt the 2017 Tax Rate Ordinance #17-04-01 (**Attachment 1**), so spring tax bills can be mailed in early May. As property taxes are based on a calendar year, the tax rate ordinance is effective as of January 1 each year. Relevant discussions occurred during budget work sessions on March 22, March 30 and April 4, 2017.

The following chart provides and overview of the various tax rates included in the Proposed FY18 Budget and the 2017 Tax Rate ordinance:

See Chart on Following Page

Tax Type	2016 Tax Rate*	Town Manager Proposed Budget Tax Rate for 2017*	Maximum Rate*
Real Property	\$0.22	\$0 .22	\$0.24
Fireman's Field Service District Tax	\$0.035	\$0.035	\$0.035
Personal Property - Vehicles	\$1.05	\$1.05	\$1.05
Personal Property – Vehicles (Special rate on qualified vehicles for qualified Fire & Rescue volunteers)	\$0.01	\$0.01	\$0.01
Tax Relief on first \$20,000 for Qualified Vehicles	41.5%	39%	n/a
Personal Property- Used In Business	\$0.55	\$0.55	\$0.55

*All property tax rates are per \$100 of assessed value.

BACKGROUND- Additional information regarding each tax type is provided in the next sections:

REAL PROPERTY TAX:

In late January, staff received the 2017 Assessment Summary (**Attachment 2**) of real property from Loudoun County's Office of the Commissioner of the Revenue. Using this data, staff prepared the Real Property Tax Revenues Estimate and Equalized Tax Rate Calculation (**Attachment 3**) in order to develop the FY18 Budget, advertise the real property tax rate public hearing and provide Town Council the information needed to set the 2017 real estate tax rate. The County Assessor's forecast for Purcellville shows a 3.16% increase in assessments for existing properties and a 2.26% increase in assessments for new construction/growth. When these assessments are combined, the Town's total increase in real property assessments is 5.42%. The equalized tax rate (tax rate which would levy the same real property tax revenue as the Town levied the prior year for existing properties) is \$0.213.

No change is proposed to the Town's real property tax rate of \$0.22 in the FY18 Budget. A public hearing was held on March 14, 2017 and the public notice advertised a maximum rate of \$0.24 in order to provide Council flexibility during the budget deliberation process. This tax will be included on the real property tax bill due June 5th and December 5th.

FIREMAN'S FIELD SERVICE DISTRICT TAX:

In July 2011, Town Council adopted Ordinance No. 11-07-02, creating the Fireman's Field Service Tax District (see Town Code Chapter 74, Article VIII). The purpose of this district is to provide funds for the preservation of the historic property known as Fireman's Field; construction, installation, operation and maintenance related to parks, recreational and cultural properties; sidewalks; beautification and landscaping; public parking; economic development services; and security, sponsorship and promotion of recreational and cultural activities. The boundaries of this service tax district are the territorial limits of the Town of Purcellville.

No change is proposed to the Town's Fireman's Field tax rate of \$0.035 in the FY18 Budget. This special assessment is based on the real property tax assessment and, under our tax system, will be included on the real property tax bill due June 5th and December 5th.

TANGIBLE PERSONAL PROPERTY TAX FOR VEHICLES:

No change is proposed to the Town's tangible personal property tax rate of \$1.05 in the FY18 Budget. This tax will be included on the personal property tax bill due June 5th.

Qualified vehicles of fire and rescue volunteers, who are themselves qualified under Loudoun County's "Length of Service Annuity Program," are proposed to be taxed at a reduced rate of \$0.01.

In accordance with Virginia Code §58.1-3523 et seq, the State has set the Town of Purcellville's share of car tax relief at \$201,753.34 for 2006 and thereafter. The Town must calculate the pro rata tax relief percentage this revenue provides to qualified vehicles. The Personal Property Tax Relief Calculation (**Attachment 4**) details actual 2017 Loudoun County Commissioner of the Revenue's assessment data for qualified vehicles and the calculation of the reduced rate of relief. The reduced relief rate for 2017 equates to 39% of the qualified vehicle's tax amount up to \$20,000 in assessed value. This percentage of relief is not modifiable.

TANGIBLE PERSONAL PROPERTY TAX FOR BUSINESS PROPERTY:

No change is proposed in the FY18 Budget to the Town's tax rate of \$0.55 for tangible personal property used in business. This tax will be included on the personal property tax bill due June 5th.

ISSUES:

In order to allow ample time for staff to prepare and mail property tax bills by early May, staff requests Town Council approve the 2017 Tax Rate Ordinance #17-04-01 (**Attachment 1**) during the April 11, 2017 Council Meeting. The spring tax bills are due on or before June 5, 2017.

BUDGET IMPACT:

The budget impact of this decision will affect FY17 and FY18 General Fund and Special Parks and Recreation Fund revenue. The Proposed FY18 Budget projects the following revenue for the recommended tax rates:

Tax Type	FY17 Revenue	FY18 Revenue
Real Property	\$2,679,407	\$2,732,995
Fireman's Field	\$426,128	\$434,651
Personal Property	\$424,249	\$432,734

See Motions on Following Page

MOTION(S):

Adopt Ordinance as Drafted

"I move that the Town Council adopt Ordinance No. 17-04-01, establishing for calendar year 2017 the real estate tax rate, the tangible personal property tax rate, the tangible personal property tax relief rate, and the Fireman's Field Service District Tax Rate."

Or

Adopt Ordinance with the Changes:

"I move that the Town Council adopt Ordinance No. 17-04-01, establishing for calendar year 2017 the real estate tax rate, the tangible personal property tax rate, the tangible personal property tax relief rate, and the Fireman's Field Service District Tax Rate, subject to the following rate changes:

- a. Real Property, Ordinance Section I:
Change the tax rate from \$0.22 per \$100 to \$____ per \$100 of assessed valuation
- b. General Vehicle Personal Property, Ordinance Section II.a.:
Change the tax rate from \$1.05 per \$100 to \$____ per \$100 of assessed valuation
- c. Non-Vehicular Business Personal Property, Ordinance Section II.b.:
Change the tax rate from \$0.55 per \$100 to \$____ per \$100 of assessed valuation
- d. Volunteer Vehicle Personal Property, Ordinance Section II.c.:
Change the tax rate from \$0.01 per \$100 to \$____ per \$100 of assessed valuation
- e. Fireman's Field Service District Tax, Ordinance Section IV:
Change the tax rate from \$0.035 per \$100 to \$____ per \$100 of assessed valuation."

ATTACHMENT(S):

- 1. Proposed Ordinance No. 17-04-01
- 2. Real Property 2017 Assessment Summary
- 3. Real Property Tax Revenues Estimate and Equalized Tax Rate Calculation
- 4. Personal Property Tax Relief Calculation

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TOWN OF PURCELLVILLE
IN
LOUDOUN COUNTY, VIRGINIA

ORDINANCE NO. 17-04-01

PRESENTED: April 11, 2017
ADOPTED: _____

AN ORDINANCE: ESTABLISHING FOR CALENDAR YEAR 2017 THE REAL ESTATE TAX RATE, THE PERSONAL PROPERTY TAX RATE, THE PERSONAL PROPERTY TAX RELIEF RATE, AND THE FIREMAN'S FIELD SERVICE DISTRICT TAX RATE; REPEAL OF CONFLICTING ORDINANCES AND RESOLUTIONS; ESTABLISHING SEVERABILITY AND SAVINGS CLAUSES; ESTABLISHING EFFECTIVE DATE

WHEREAS, Virginia Code § 58.1-3201 and Town Code Chapter 74 (Taxation), Article I (General), Section 74-1 (Annual levy; rate of taxes) authorize the Town of Purcellville, Virginia to levy and collect taxes on real estate; and

WHEREAS, Virginia Code § 58.1-3500 and Town Code Chapter 74 (Taxation), Article I (General), Section 74-1 (Annual levy; rate of taxes) authorize the Town of Purcellville, Virginia to levy and collect taxes on all tangible personal property, except household goods and effects, subject to certain conditions as provided by law; and

WHEREAS, Virginia Code § 58.1-3524 authorizes the Town to provide tangible personal property tax relief on qualifying vehicles; and

WHEREAS, Virginia Code § 15.2-2403 and Town Code Chapter 74 (Taxation), Article VIII (Fireman's Field Service Tax District), Section 74-232 authorize the Town of Purcellville, Virginia to levy and collect taxes on property located within the Fireman's Field Service Tax District ("District") in the same manner as the Town may establish other Town property taxes; and

WHEREAS, the tax rates applicable to real property, personal property, and the Fireman's Field service district, are effective on a calendar-year basis, but are generally established in April of each calendar year, after the real property assessment data has been compiled by Loudoun County and transmitted to the Town for use in estimating Town tax revenues and budgeting.

NOW THEREFORE, the Council of the Town of Purcellville, Virginia hereby ordains:

SECTION I. Real Property. That the calendar year 2017 tax rate on real estate is hereby established to be \$0.22 per \$100 of assessed value.

AN ORDINANCE:

ESTABLISHING FOR CALENDAR YEAR 2017 THE REAL ESTATE TAX RATE, THE PERSONAL PROPERTY TAX RATE, THE PERSONAL PROPERTY TAX RELIEF RATE, AND THE FIREMAN'S FIELD SERVICE DISTRICT TAX RATE; REPEAL OF CONFLICTING ORDINANCES AND RESOLUTIONS; ESTABLISHING SEVERABILITY AND SAVINGS CLAUSES; ESTABLISHING EFFECTIVE DATE

- SECTION II. Tangible Personal Property.** That the calendar year 2017 tax rate on tangible personal property is hereby established to be:
- a. \$1.05 per \$100 of assessed value for all tangible personal property identified in Va. Code § 58.1-3503(A), subsections 1 through 13, which includes vehicles; and
 - b. \$0.55 per \$100 of assessed value for all non-vehicular tangible personal property that is used in business; and
 - c. \$0.01 per \$100 of assessed value for the qualified tangible personal property of a qualified individual who actively serves as a volunteer member of a fire and rescue department in Loudoun County, as allowed by law.
- SECTION III. Tax Relief.** That tax relief shall be granted on the first \$20,000.00 of value of non-commercial vehicles qualified by law for such relief, and that such relief shall be calculated by discounting the tax obligation otherwise due on the first \$20,000 by 39%.
- SECTION IV. Fireman's Field.** That the calendar year 2017 tax rate on real estate located within the Fireman's Field Service Tax District is hereby established to be \$0.035 per \$100 of assessed value.
- SECTION V. Repeal.** That Ordinances 16-04-02 (Setting the Real Estate Tax Rate for CY2016), 16-04-03 (Setting the Fireman's Field Service District Tax Rate for CY2016), and 16-04-04 (Setting the Personal Property Tax Rate for CY2016), as well as all other ordinances and resolutions in conflict herewith, are hereby repealed.
- SECTION VI. Severability.** That if a court of competent jurisdiction deems any provision of this ordinance to be invalid, such holding shall in no way affect the validity of the remaining sections or provisions of this ordinance, which shall remain in full force and effect.
- SECTION VII. Savings Clause.** That all ordinances repealed by this ordinance shall remain in full force and effect until the effective date of this ordinance. The repeal of ordinances hereunder shall not affect the authority of the Town to prosecute, punish or penalize any violation of such ordinances that occurred before the repeal hereunder takes effect.

AN ORDINANCE: ESTABLISHING FOR CALENDAR YEAR 2017 THE REAL ESTATE TAX RATE, THE PERSONAL PROPERTY TAX RATE, THE PERSONAL PROPERTY TAX RELIEF RATE, AND THE FIREMAN'S FIELD SERVICE DISTRICT TAX RATE; REPEAL OF CONFLICTING ORDINANCES AND RESOLUTIONS; ESTABLISHING SEVERABILITY AND SAVINGS CLAUSES; ESTABLISHING EFFECTIVE DATE

SECTION VIII. Effective Date. That this ordinance shall be effective January 1, 2017.

PASSED THIS ____ DAY OF APRIL, 2017

Kwasi A. Fraser, Mayor
Town of Purcellville

ATTEST:

Diana Hays, Town Clerk

TOWN OF PURCELLVILLE

TAX YEAR 2017

REAL PROPERTY TAX REVENUE ESTIMATES AND EQUALIZED TAX RATE CALCULATION

Source: 1/26/17 Loudoun County Assessor's Summary

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Assessment of Existing Property	1,259,015,007	0	Existing prop chg> 3192-total parcels Decrease of 11 parcels 3119-taxable parcels 73-exempt parcels	3.16%
New Residential Construction/Growth	22,854,463	0		
New Commercial Construction/Growth	4,679,760	0		
Total New Construction/Growth	27,534,223	0	New construct chg>	2.26%
Total Assessment	1,286,549,230	1,220,406,080	66,143,150	5.42%
Less Land Use Deferrals	564,380	576,380	(12,000)	
Less Elderly Tax Relief	31,509,840	31,509,840	0	
Total Assessment Base	1,254,475,010	1,188,319,860	66,155,150	
RE Tax (tax rate .22)	2,759,845	2,614,304	145,541	* Rev Chg
FF Svc Tax (tax rate .035)	439,066	415,912	23,154	* Rev Chg
Total Tax (tax rate .255)	3,198,911	3,030,216	168,696	
RE Revenue Change for Tax Rate Change of 1 cent			125,448	
Average Residential Assessment	349,803	326,920	22,883	
RE Revenue produced at different tax rates:				
Tax Amount (rate=.25/100)	3,136,188			
Tax Amount (rate=.24/100)	3,010,740			
Tax Amount (rate=.23/100)	2,885,293			
Tax Amount (rate=.22/100)	2,759,845	< 2016 Rate .22		
Tax Amount (rate=.213/100)	2,672,032	<Equalized Rate .213		
Tax Amount (rate=.21/100)	2,634,398			
Equalized Assessment (adj. for new construction and changes)	1,247,940,303			
Equalized RE Tax Amt (2016 rate=.22)	2,745,469	**special FF levy not included per code**		
2017 Equalized RE Tax Rate (per \$100)	0.213			
Breakdown of Residential vs. Other (MF 5+, Commercial, Ag):				
Other Assessments	285,761,840	22%		
Residential Assessments	1,000,787,390	78%		
Grand Total	1,286,549,230			

Town of Purcellville
Vehicle Personal Property Tax and PPTRA Reduced Calculation
Tax Year 2017

Tax Rate per \$100 assessed value \$ 1.05

	2017 Total Assessment	100% tax due	Relief from State of VA	2017 TAX BILLED
Non-Qualified Vehicles	\$ 9,409,281	\$ 98,797		\$ 98,797
Qualified Vehicles	\$ 53,617,378		39%	
		\$ 562,982	\$ 201,024	\$ 361,959
GRAND TOTAL *	\$ 63,026,659	\$ 661,780		\$ 460,756
Purcellville pro rata share of state relief**			\$ 201,753	

Vehicle Total Assessment History:		Assessment % Change	% of Relief	Total Vehicles	% Change
2001	24,182,821				
2002	26,518,056	10%		N/A	
2003	31,651,548	19%		N/A	
2004	37,787,989	19%		N/A	
2005	47,564,851	26%		N/A	
2006	48,739,683	2%	49.0%	5,633	
2007	49,393,683	1%	49.0%	5,782	3%
2008	48,057,085	-3%	48.0%	5,673	-2%
2009	45,397,160	-6%	53.5%	5,835	3%
2010	47,827,581	5%	51.0%	5,953	2%
2011	50,744,906	6%	50.0%	6,557	10%
2012	51,909,340	2%	47.0%	6,525	0%
2013	54,145,539	4%	46.0%	6,633	2%
2014	54,885,823	1%	45.0%	6,734	2%
2015	55,635,585	1%	44.0%	6,688	-1%
2016	56,269,699	1%	41.5%	6,605	-1%
2017	63,026,659	12%	39.0%	7,261	10%

Notes:

*This total includes supplemental billing data.

**VA never fully funded the legislated 70% PPTRA relief and in 2006 set a fixed dollar amount for each locality.